

# State of Colorado



**Bill Ritter, Jr.**  
*Governor*

**Rich Gonzales**  
*Executive Director*

**Jennifer Okes**  
*Deputy Executive Director*

**JoAnn Vondracek**  
*Committee Chair*

## DPA

Department of Personnel  
& Administration

457 Deferred Compensation Committee  
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### **NOTICE OF STATE DEFERRED COMPENSATION and PUBLIC OFFICIALS' AND EMPLOYEES' DEFINED CONTRIBUTION PLAN COMMITTEE MEETING**

**FROM:** Suzanne E. Kubec, DC Plan Administrator

**SUBJECT:** Meeting August 9, 2007 **Note Location/Room Change**

**PLACE:** 200 E. 14<sup>th</sup> LAC Bldg Rm. B  
Denver, CO 80203

The meeting will be broadcast live at <http://www.colorado.gov/dpa/dhr/benefits>, under "Hot Topics" click on "Listen to 457 Committee Meeting Live 8-9-07". The legislative page opens then choose "Legislative Audit Committee Hearing Room".

**TIME:** 1:30 p.m. - 4:30 p.m.

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|---|--------------------|
| 1. Roll Call  | 2 mins. 1:30 p.m.  |
| 2. Approval of Minutes – July   | 5 mins. 1:32 p.m.  |
| 3. Approval of Agenda   | 3 mins. 1:37 p.m.  |
| 4. Announcements – Suzanne Kubec  | 20 mins. 1:40 p.m. |
| 5. Public Comments  | 15 mins. 2:00 p.m. |
| 6. Plan Analysis & Evaluation Update – Suzanne Kubec                                    | 5 mins. 2:15 p.m.  |
| 7. HB07-1184 Sudan Divestment List/Letter Approval                                      | 45 mins. 2:20 p.m. |
| 8. ICMA Annual Review – Emily Knox  | 20 mins. 3:05 p.m. |
| Break   | 15 mins. 3:25 p.m. |
| 9. Monthly Marketing Report – Andrew Ahrens, Great-West<br>- Annual Communications Plan | 30 mins. 3:40 p.m. |
| 9. Quarterly Financial Report – Michele Carroll   | 30 mins. 4:10 p.m. |

**NOTE:**

The next Deferred Compensation Committee meeting will be on **September 13, 2007 at 1313 Sherman St., Room 220**. The Executive Committee meets to discuss agenda items one week prior to each committee meeting. Since the time and place vary, please call 303-866-3434 for specific information.

Special accommodations will be provided upon request for person with disabilities. If you are a person with a disability who requires special accommodation to participate in this meeting, please notify Suzanne Kubec at 303-866-3954 within 72 hours of meeting date.

**Minutes of the Meeting of August 9, 2007**  
**Legislative Services Building (LSB)**  
**200 East 14<sup>th</sup> LAC Room B**  
**Denver CO 80203**

**DEFERRED COMPENSATION COMMITTEE**

<b>Present:</b>	Dave Loomis	Rep. Richard	Sen. Lois Tochtrop-
	Billy Kwan	Mutzebaugh	excused
	Les Shenefelt	Joann Vondracek-	Dean Conder
	Ben Stein	excused	Patrick Byrne

<b>Attendees:</b>	Department of	Suzanne Kubec	Vinita Biddle
	Personnel &	Jennifer Okes	Paula Manzanares
	Administration	Rich Gonzales	Michele Carroll
		Brenda Berlin	

Hartford	Bill Abramowicz
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Jeffco Schools	Lynn Acker
	Lisa Eacker

ICMA	Gary Helm	Emily Knox
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Great West	Rick Kramer	Theresa Cruz
	Liz Davidsen	David Smith

Attorney	Heidi Dineen
General's	
Office	

**Roll call**

Dave Loomis called the meeting to order.  
Paula Manzanares called the roll.

**Approval of**  
**Minutes**  
**July 12, 2007**

**Representative Richard Mutzebaugh motioned to approve the minutes.**  
**Les Shenefelt seconded the motion**  
**The motion carried unanimously.**

**Approval of**  
**Agenda**

Dave Loomis stated that the Committee needed to add a discussion about the final attendee's at the annual National Association of Government Defined Contribution Administrators (NAGDCA) conference in September. NAGDCA was added to the agenda as item 5a. after public comments. Otherwise the agenda stood approved.

**Announcements-  
Suzanne Kubec  
Follow up-July**

The reimbursement check for administrative expenses of the State DC Plan from Hartford arrived last week.

**Hartford Fund  
Change**

Bill Abramowicz, Hartford checked with the product and pricing team at Hartford and has stated that they cannot accommodate the Y share class for the Munder MidCap Core Growth Fund. The reason is that the fee the State charged Hartford exceeds their revenue. Based on that situation Bill is requesting a daily asset charge of .65% to offset expenses. Suzanne researched the contract, which states Hartford's revenue will solely be based on .40% of re-allowances. Therefore a contract amendment is needed. Bill suggested changing the fee at open enrollment in January. Suzanne stated that open enrollment is in April/May per legislation. Dave Loomis asked if Hartford would reduce the .65% if the appropriation is reduced down next year. Bill will check calculations to see how the fee will help offset the losses for the remainder of the contract.

**Revised State  
DC Fee Charts**

The packet contained the revised fee charts that have been reviewed by the providers. These fee charts not only provide the variety of fees paid by participants but also provide an example of the total fee assessed quarterly if a participant had \$11,000 dollars in their account and invested \$1,000 each in 11 funds. Suzanne will be posting this information on the DPA/benefits/retirement website as well as requesting each provider to post their fee chart on their websites. Ben pointed out that the ICMA fee chart was not in the same format as the others. Suzanne will revise before posting on the website.

**Suzanne Kubec-  
Announcements-  
August  
Governor's  
Appointee**

Suzanne introduced and welcomed to the Committee the new Governor's Appointee Patrick Byrne who works at Office of State Planning and Budgeting (OSPB). His appointment letter and resume were included in the packet. He started at OSPB in February 2007 and prior to that he worked for the City and County of Denver.

**Streaming Live**

Suzanne informed the Committee that today's meeting was being streamed live over the internet. She welcomed participants and interested parties that were on line listening. She took the opportunity to inform listeners that the Committee meetings are always held the second Thursday of every month, and usually held in the afternoon, the location however is subject to change. The Deferred Compensation agenda is posted on all of the provider websites and soon will be posted to the DPA/Benefits/Retirement website, one week prior to the meeting. The minutes are posted on all provider websites as well. The 457 Plan website holds at least the prior and current year's minutes.

Additionally, the plan is that she will be able to post the auditory minutes from the meeting once she discusses the capability of doing this with the providers. Therefore, participants will be able to listen to the meeting at their convenience.

**Benefits  
Administrator's  
Forum**

The Benefit Administrator's forum was held on Wednesday August 1, 2007. There were about fifteen benefit administrators that attended. All of the providers were represented and provided a brief explanation of their company and what they can provide to the administrators. PERA was in attendance as well. There was also information available on the State 457 Plan and the PERA 401k Plan. This opportunity was provided for the administrators to meet all of the providers and therefore invite them to the agencies for new employee orientation and educational meetings. The meeting was very well received by the administrators.

**457 Enrollment  
material award**

Every year NAGDCA requests nominees for their Leadership recognition award. This includes primarily the marketing and enrollment materials provided for each plan sponsor. Great-West suggested that Suzanne complete the form and submit. As in years past, if you apply you typically are recognized, as the Plan will be at the 2007 NAGDCA conference. Additionally, Great-West entered our enrollment materials for the Hermes Creative Award. Suzanne presented the trophy to the Committee. She also commented that Hermes in Greek mythology is the messenger of the gods. Which she interpreted as our enrollment materials to be the communication or messenger of the Plan.

**National Save  
For Retirement  
Week**

A resolution was recently passed in Congress to officially state that the week of October 21, 2007 will be National Save for Retirement Week. Suzanne is on the National Association of Government Defined Contribution Administrators (NAGDCA), Committee to help develop a theme and tools to promote this week. The theme will be, "Urgent Message from your future", and then we can add, "Save now, Play later". NAGDCA members provided forty themes to the Committee. Everything will be developed by September, 2007. This primarily is in reference to the 457 Plan and supplemental plans in general, however Suzanne will be asking the providers on the State DC Plan to provide a variety of educational meetings during the month of October 2007. They can utilize this theme for posters to announce meetings. Suzanne also will be utilizing other means of communication to promote this week e.g. pay-stub, Advisor publication, 457 quarterly bulletin.

**Public  
comments**

There were no public comments.

**NAGDCA  
Attendance**

Dave Loomis suggested revising the list of Committee members that will attend NAGDCA. The following Committee members that will attend NAGDCA are Les Shenefelt, Ben Stein, Joann Vondracek, Patrick Byrne, Suzanne Kubec and Rich Gonzales.

There are other conferences that the remaining Committee members can attend. Suzanne will forward other conference information to the Committee members. Rich stated that he would be able to attend the NAGDCA conference.

**Plan Analysis &  
Evaluation  
Update-Suzanne  
Kubec**

Rich Gonzales asked Suzanne who is the current consultant for the Plan. She responded that it is Arnerich Massena. Ben Stein questioned if there would be a bias from Arnerich--Dave Loomis replied that Arnerich Massena is an independent consultant to the Plan.

**Discussion on  
Business  
Analysis  
Responses**

Suzanne provided the Committee with comments from the stakeholders on the business analysis. Gary Helm, ICMA stated that he had no comments that the parameters looked fine.

Bill Abramowitz, Hartford, suggested addressing the different service models dependent on multiple providers vs. single provider.

Rick Kramer, Great-West, suggested addressing participant education/communication; clarifying the “cost implications, “analyzing and comparing this by specific categories and in aggregate” and he provided specific categories (see updated sheet); and investment fund oversight and governance this was explained in the attachment.

Representative Spencer Swalm, provided Suzanne with a voicemail where he stated the following, “He was not sufficiently an expert to comment on the number of issues raised in the letter. However, he does support doing an analysis. As a fiduciary responsibility the Plan should be periodically reviewed. He went on to say, that he is not of the opinion that it is necessarily a good idea to have more than one provider, as we know, as you have more assets in the Plan typically the internal charges are reduced, if more than one provider obviously the assets are divide up, but there may be other compensating issues that would indicate that more than one provider would be appropriate. It is a good idea for the Committee to evaluate the options that are available to State employees. He looks forward to going ahead with the analysis and looks forward to hearing the summary.”

Rich Gonzales, DPA received the information late and therefore did not have ample opportunity to review, however he will provide input at his earliest convenience.

Senator Harvey and Dennis Shinner, Cooney & Associates, had not provided comments to date. Suzanne will follow up with them.

When Suzanne has all additional comments she will forward a revised list to the Committee via e-mail and then forward it on to Howard to provide a cost to review all of the items listed. She hopes to have a price at the September meeting.

Additionally, Howard has received the consultant contract and will be returning it to Suzanne early next week. This must be executed before Suzanne can execute the task order for the business model analysis project.

**HB07-1184**  
**Sudan**  
**Divestment**  
**List/Letter**  
**Approval**

The Committee discussed the Sudan divestment list established by PERA. Dave Loomis noticed that Cummins was not on the PERA Sudan list. The Committee motioned at the last meeting to use PERA's list. We will attach the list to the letter reflecting that the Committee adopted this list and a footnote to be added how the list was established.

**Les Shenefelt made the motion that the letter reflect the Committee adopted the list and a footnote to be added regarding the origin of the list.**

**Representative Mutzebaugh seconded.**

**The motion carried unanimously.**

Suzanne will work with Heidi Dineen, Attorney General's Office (AGO) to develop a letter to the General Assembly and the AGO's regarding the establishment of the list per HB07-1184.

**ICMA Annual**  
**Review-Emily**  
**Knox**

Emily Knox, ICMA thanked the Committee for the opportunity to provide an annual report. The State DC Plan with ICMA had 270 total enrollments, 367 total participants and \$3.3 million in assets. She also shared the list of the educational meetings provided around the state. This will be posted on their web site. They also will have a flyer mailed to all existing participants. Dave Loomis asked the same question regarding cost to the Provider and whether they considered dropping the Plan. This was due to the concern surrounding the \$80k charge to each provider for the state administration of the Plan. Gary Helm, ICMA responded that the firm will continue a relationship with the State of Colorado. Dave also asked if ICMA would bid on this in a few years Gary commented ICMA would have to do a financial analysis. Billy Kwan asked if ICMA would want to also consider a surcharge. Gary stated that they would look at this but based on the remaining time of the contract they may not be able to recoup the loss.

**457 Plan Annual**  
**Marketing**  
**Review**  
**Theresa Cruz**  
**Myers**

Theresa Cruz-Myers, Great West, shared that the 457 Plan has \$337 million assets. Ben Stein asked about the trends for the roll-outs. Theresa commented that they have not found a common reason. The main reason appeared to consolidate all of participants' financial assets into one plan. Great West actively reaches out to the participants who roll out of the 457 plan. The Committee wanted to know if the Guaranteed Certificates default to Stable Value Fund (SVF). Great West replied that the guaranteed certificates should be paid out by December 2007. Dave Loomis asked about the retirees versus non – retirees participants. How many are in the SVF? Can this be provided to the Committee? Rick Kramer will provide demographics on SVF at the next meeting.

Ben Stein asked if at the next meeting a chart for distributions versus assets can be provided.

Dave Loomis asked how many accounts are in the 401(a) and what are the total assets. Dave also made the suggestion paying out the 401(a) since we don't have any more contributions.

Dave would like some feedback from Rick at Great West on the administrative costs of keeping this 401 (a) plan and for the Committee to think about terminating the Plan. Heidi Dineen stated that we would have to send a letter to all participants, and provide a distribution if the Committee terminates the Plan. Heidi also stated that this is a good time to review the 401(a) Plan because we have to request a determination letter in 2009.

**Quarterly**  
**Financial**  
**Report-Michelle**  
**Carroll**

Michelle Carroll, DPA Accounting reviewed the annual budget of both plans. The Committee questioned the Great West income for June. Michelle will have this information to the Committee at the next meeting and she will work with Great West on this to obtain the needed clarification. There were no other questions.

**Adjourn**

**Representative Mutzebaugh made the motion to adjourn.**  
**Ben Stein seconded the motion**  
**The motion carried unanimously.**